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Item 3 (g) of the provisional agenda*

Items for discussion and decision: national accounts**Report of the Intersecretariat Working Group on
National Accounts****Note by the Secretary-General**

In accordance with Economic and Social Council decision 2017/228 and past practices, the Secretary-General has the honour to transmit the report of the Intersecretariat Working Group on National Accounts. On the occasion of the tenth anniversary of the 2008 System of National Accounts (SNA), the Working Group takes stock in the report of the work done so far and reflects on the challenges and opportunities that lie ahead. In this respect, the report provides information on issues emerging from the implementation of SNA, in particular the outcome of the meeting of the Advisory Expert Group on National Accounts, progress with the research agenda on practical issues concerning the implementation of the 2008 SNA and an update on the finalization of publications supporting the implementation of the 2008 SNA. It also contains the programme of work of the Working Group and of the regional commissions, an update on the scope and timeliness of the implementation of SNA at the country level and an update on the international coordination of regional and global data collection and data exchange activities. The Commission is invited to express its views and provide guidance on the elements of the programme of work of the Working Group.

Points for discussion by the Commission are contained in paragraph 44 of the report.

* E/CN.3/2018/1



I. Introduction

1. At its forty-eighth session, held in New York from 7 to 10 March 2017, the Statistical Commission adopted decision 48/111 (see E/2017/24, chap. I.B), in which it:

(a) Welcomed the report of the Intersecretariat Working Group on National Accounts,¹ expressed its appreciation for the activities undertaken by the members of the Working Group, the regional commissions, other regional organizations and countries to facilitate the implementation of the System of National Accounts 2008 and supporting statistics, and endorsed the programme of work of the Working Group and the Advisory Expert Group on National Accounts for 2017;

(b) Expressed its appreciation for the progress made in resolving research issues related to the implementation of the System of National Accounts 2008, noted the emergence of some conceptual issues that extend beyond the System of National Accounts 2008 and requested the Working Group to report to the Commission at its forty-ninth session on progress in addressing those issues, taking into consideration the integration of economic, social and environmental statistics and frameworks for measuring progress on the 2030 Agenda for Sustainable Development;

(c) Expressed its appreciation for the guidance provided on issues emerging from the implementation of the System of National Accounts 2008, including the completion of several manuals, handbooks and guidelines, and urged the Working Group to continue to give priority to practical guidance on issues that would facilitate the implementation of the System of National Accounts 2008;

(d) Encouraged international agencies to speed up the work to set up secure data sharing mechanisms between countries to address asymmetries in cross-border flows and positions arising from the globalization of production, trade and financing;

(e) Welcomed the progress made in implementing the System of National Accounts 2008, expressed concern at the relatively low level of compliance with the minimum required data set, urged those countries with a low level of compliance to develop basic source data for the compilation of national accounts that are policy — relevant and fit for purpose, and in this regard called upon the global and regional agencies to provide a focused, funded and coordinated programme not only on national accounts but also on integrated household and business statistics, in support of the compilation of national accounts;

(f) Noted the progress of the Statistical Data and Metadata eXchange (SDMX) data transmission mechanism for national accounts, and recognized that the implementation of the SDMX protocols by countries will facilitate data transmission and thereby significantly reduce the response burden in submitting data to international organizations.

2. In section II of the present report, developments over the past 10 years, since the adoption of the System of National Accounts 2008 (2008 SNA) are presented. Section III provides an overview of the progress of work on issues emerging from the implementation of SNA, in particular the outcome of the meeting of the Advisory Expert Group on National Accounts, the progress made with regard to the research agenda on practical issues concerning the implementation of the 2008 SNA and an update on the finalization of publications supporting the implementation of the 2008 SNA. In section IV, an overview is provided of the activities on national accounts and supporting statistics of the members of the Intersecretariat Working Group on National Accounts and of the regional commissions. Section V contains an update of the scope and timeliness of the implementation of SNA at the country level. Progress

¹ E/CN.3/2017/13.

on the coordination of data collection and data exchange activities is contained in section VI. Points for discussion are set out in section VII.

II. 10 years since the adoption of the System of National Accounts 2008

A. Where the Statistical Commission stands

3. The forty-ninth session of the Commission marks 10 years since the adoption of the 2008 SNA as the updated international statistical standard for the compilation of national accounts. This calls not only for celebration but also for reflection on the progress made with regard to the implementation of the 2008 SNA at the country level; and on whether the 2008 SNA remains relevant for measuring new developments in the economy as well as the new socioeconomic phenomena relevant for the policy framework of the 2030 Agenda for Sustainable Development.

4. Since the adoption of the 2008 SNA, the Commission has mandated an implementation programme for the 2008 SNA and supporting statistics. The implementation programme has the dual objective of assisting countries in developing the statistical and institutional capacity to make the conceptual change over to the 2008 SNA and to improve the scope, detail and quality of the national accounts and supporting economic statistics.

5. The efficiency and sustainability of the implementation of the 2008 SNA rest on three agreed principles, namely, strategic planning; coordination, monitoring and reporting; and improving statistical systems. The principles are operationalized through: (a) the use of national strategies for the development of statistics as the strategic planning framework; (b) the programme information structure built around the statistical production process, scope and compliance for the national accounts and supporting economic statistics; (c) the modalities of statistical capacity-building through training and technical cooperation, the publication of manuals and handbooks, research and advocacy; and (d) the stages of implementation leading to the change over to the 2008 SNA.

6. Once the global implementation programme of the 2008 SNA and supporting statistics had been adopted by the Commission, the Working Group concluded that the best way to execute the global initiative was through a light coordination mechanism that would allow individual Working Group members, the regional commissions and other regional organizations to pursue their own programmes for SNA implementation.

7. Over the past 10 years, the Working Group members, in collaboration with the regional commissions and other regional partners, have embarked on several initiatives towards the implementation of SNA. Examples of assistance include advisory missions to countries, in-country and regional training courses, in-country and regional workshops and fellowships that have allowed national accountants to be able to participate in the events. In addition, national statistical offices have supported other countries (peer learning) and collaborated with international organizations and bilateral donors to fund activities in some countries. In collaboration with the regional commissions and other regional partners, the Working Group has developed and updated at least 35 handbooks on the implementation of the 2008 SNA, providing guidance that ranges from basic compilation techniques to more complex subjects.

8. Eurostat continuously supports its member States and candidate countries in implementing the European System of Accounts and provides assistance to North Africa and the Eastern Mediterranean countries.

9. The International Monetary Fund (IMF) provides capacity development activities through headquarters-led missions, its 10 regional technical assistance centres and externally funded capacity-building projects, including technical assistance to develop related source data.

10. Issues affecting States members of the Organization for Economic Cooperation and Development (OECD) are addressed at the annual OECD meetings on national accounts and financial statistics. In assisting SNA implementation in developing countries and countries in transition, OECD works with new and prospective members.

11. The World Bank provides financial support to developing countries through its suite of trust funds, including the Statistics for Results Facility Catalytic Fund, the trust fund for statistical capacity-building and the STATCAP lending programme. These support mechanisms are available to countries for the improvement of their statistical systems in general and are frequently used to address the specific prioritized needs of countries with regard to implementation of the 2008 SNA.

12. The Statistics Division of the Department of Economic and Social Affairs of the Secretariat collaborates closely with the Economic Commission for Africa, the Economic Commission for Europe, the Economic Commission for Latin America and the Caribbean, the Economic and Social Commission for Asia and the Pacific, the Economic and Social Commission for Western Asia and other regional partners to support SNA implementation. Development Account projects are in place in various regions to strengthen the statistical capacity in national accounts and related source data through multi-year programmes. The technical assistance and training activities of the Division and the regional commissions are aligned with these projects.

13. An analysis of replies to the United Nations national accounts questionnaire over the past 10 years shows noticeable progress with regard to the reporting of national accounts data. The conceptual compliance with either the 1993 or 2008 SNA increased from 97 countries in 2007 to 176 countries in 2017, with 79 countries having implemented the 2008 SNA at the end of 2017. The timeliness of the reporting also improved, with 112 countries being able to submit data for the latest reporting year (i.e., 2016) in 2017, while only 69 countries had been able to do so in 2007. Assessing the scope of national accounts data using the minimum required data set shows that countries reporting data in accordance with the data set increased from 50 in 2007 to 102 in 2017.

14. Despite solid progress, too many countries are lagging in their implementation of SNA. The lack of progress in establishing a sustained production and dissemination process for national accounts is reflected in the following ways: (a) countries not reporting their national accounts data on a regular and timely basis; (b) countries not meeting the minimum scope of reporting national accounts data; (c) a lack of updated base years, with only 102 countries compiling volume measures using base years from 2010 onwards; and (d) a lack of international comparability, with some countries still applying the 1968 SNA. Moreover, only 113 countries are compiling quarterly data.

15. At its forty-third session, the Commission reviewed a report prepared by a Friends of the Chair group (see E/CN.3/2012/5) on the slow progress made with regard to implementing SNA and producing national accounts of sufficient scope and detail. The Commission agreed that limited political support and the unavailability of requisite basic economic statistics were the main barriers to the implementation of SNA in a range of countries and that the lack of requisite basic statistics could be addressed by considering the national accounts implementation programme in the broader context of the development of economic statistics. At its forty-eighth session, the Commission expressed concern at the relatively low level of compliance with the minimum required data set and urged countries with a low level of compliance to

develop basic source data for the compilation of national accounts that were policy relevant and fit for purpose.

B. Next steps

16. Over the past 10 years, the world has been confronted with ever-increasing globalization and digitalization, reflecting the fast transformation of many economies. In addition, with the adoption of the 2030 Agenda for Sustainable Development, there has been a need to address issues related to measures of sustainability and economic well-being, with an increased focus on household income, consumption, saving and wealth, including their distribution across household groups, the valuation of natural resources and better capturing of informal activities. These developments certainly encourage a reflection on how to maintain the relevance of the SNA framework in addressing such issues.

17. Various researchers and policy analysts have expressed concerns about the way in which issues such as globalization and digitalization are being addressed in SNA, from both a theoretical perspective and a practical measurement point of view. Although the conceptual framework of SNA has proved to be robust and resilient, it is also clear that these issues pose a number of challenges, especially globalization and digitalization when they become intertwined. Furthermore, the continuous debate over whether to move beyond gross domestic product (GDP) requires better reflection on issues related to sustainability and well-being, both within the central framework of national accounts and in the form of additional satellite accounts with a more elevated status.

18. Guidance has been developed on ways to deal with globalization, including by measuring global production arrangements; enhancing the international profiling of large and global enterprises and data-sharing to address asymmetries; developing satellite accounting frameworks for global value chains; and elaborating new trade related measures such as trade in value added through global tables. Work has also progressed with regard to providing further guidance on recording and measuring digitally related activities and in setting up a satellite account type of framework for describing (the impact of) the digital economy. Additional research has also been conducted in the field of sustainability (e.g., the measurement of natural resources and human capital), and well-being (e.g., distributional information for household income, consumption, saving and wealth, and the development of guidance on recording and measuring unpaid household activities and volunteer work). Moreover, continuous efforts have been made to improve the price and volume measurement within SNA and to better capture the informal sector. Progress has also been made in capturing and monitoring (financial) risks and vulnerabilities.

19. In recognizing the importance of communication with users, including the media, and the challenges posed by the effects of new economic phenomena, it is clear that increased effort and guidance should be focused on addressing these communication difficulties. For example, few users appreciate that the national accounts comprise a rich source of information that is well beyond that offered by GDP. Communication and outreach strategies with detailed explanations on ways to promote additional statistics could be considered as an initial step. The promotion of ongoing dialogue with the main users of national accounts statistics would help to identify data needs and promote the appropriate and more exhaustive use of already available data.

20. Although priority has been given to practical guidance and to resolving methodological issues that facilitate the implementation of SNA, it is foreseen that, for a limited number of priority areas of research, discussion papers will be developed

to provide complementary guidance to SNA on the clarification and interpretation of issues within and beyond the 2008 SNA.

III. Guidance on issues emerging from the implementation of the System of National Accounts

A. Advisory Expert Group on National Accounts

21. The eleventh meeting of the Advisory Expert Group on National Accounts was held in New York from 5 to 7 December 2017. The main purpose of the meeting was to consider how to advance the research agenda and how to develop guidance to facilitate the implementation of SNA on issues such as globalization, the digital economy, accounting for pensions, Islamic finance, the harmonization of balance of payments and national accounts data and the distributional aspects of income, consumption and saving. Highlights of the meeting included the agreement reached by the Advisory Expert Group on the identification of priority areas for further research to better account for the drivers of economic growth and sustainability, namely, globalization, digitalization, and well-being and sustainability. The Advisory Expert Group also resolved issues related to accounting for pensions and the treatment of negative interest.

22. While focusing on issues related to the practical implementation, clarification and interpretation of the 2008 SNA, the Advisory Expert Group reconfirmed that, at present, there was not any interest in updating the 2008 SNA. However, it noted that resolving some of the emerging issues related to globalization and the digitalization of the economy might extend beyond the recommendations of the 2008 SNA.

23. It is inevitable that the 2008 SNA will need to be updated at some point in the future to ensure its relevance. It is therefore important to advance the research agenda of the 2008 SNA through broad consultation among key stakeholders, such as statisticians, policymakers and representatives of academia; data users; and accounting standard boards. A Working Group task force will be established to formulate the way forward for the aforementioned priority areas of research, which will include the preparation of discussion papers and broad consultations with stakeholders.

24. Noting that more than a quarter of the States Members of the United Nations are not able to compile the minimum required datasets for their national accounts, which were set by the Commission as the lowest benchmark for implementing SNA, the Advisory Expert Group recommended that a Working Group task force be established to prepare guidance based on available materials developed by Working Group members and their development partners to support the practical implementation of SNA in countries that are lagging behind.

25. The conclusions of the meeting can be accessed on the website of the Advisory Group (https://unstats.un.org/unsd/nationalaccount/aeg/2017/M11_Conclusions.pdf) and will also be made available to the Commission in section II.B of the supplement document to the present report.

B. Research agenda on the System of National Accounts

26. Annex IV to the 2008 SNA lists research issues that emerged during the update of the 1993 SNA, for which more extensive consideration was needed than was possible in the course of the update process. The website of the Working Group, hosted by the Statistics Division, includes a webpage dedicated to the 2008 SNA

research agenda and an additional list of the research issues. The webpage is updated to reflect new issues as they emerge and recommendations on existing issues as they are agreed upon. The current issues considered by the Working Group and the Advisory Expert Group focus mainly on the practical implementation, clarifications and interpretation of the 2008 SNA. Issues that extend beyond the recommendations of the 2008 SNA need much more scrutiny and careful consideration. Discussion papers on these issues will be added to a proposed repository for issues for the future update the 2008 SNA.

27. A description of the issues in the SNA research agenda currently under consideration by the Working Group and the Advisory Expert Group is provided in section II of the supplement document. The SNA research agenda is available from <http://unstats.un.org/unsd/nationalaccount/research.asp>.

C. Manuals and handbooks

28. The Working Group facilitates the development of guidance on the compilation of national accounts and supporting statistics in order to strengthen statistical capacity for compiling national accounts. Handbooks containing the guidance are available on the Working Group website.² The following nine handbooks were completed during 2017: *Supply, Use and Input-Output Tables with Extensions and Applications* (United Nations); *Satellite Account on Nonprofit and Related Institutions and Volunteer Work* (United Nations); *Quarterly National Accounts Manual* (IMF); *Overview of GDP Flash Estimation Methods* (Eurostat); *Understanding Financial Accounts* (OECD); *Compilation Guide on Inventories* (Eurostat and OECD); *Compilation Guide to Analyze Natural Resources in the National Accounts* (IMF); *Handbook on Rapid Estimates* (Eurostat and United Nations); and *Handbook on Cyclical Composite Indicators* (Eurostat and United Nations). A detailed list of completed publications, publications in progress and planned publications is provided in section III of the supplement document.

29. There is a growing demand for compiling satellite accounts, particularly those that provide a more detailed description of specific economic functions or themes, including interaction with and the impact on the economy at large. Examples include satellite accounts for education and training, health, tourism, transport, aviation, non-profit institutions, culture and the ocean economy. The satellite accounts typically involve some rearrangement and/or further breakdown of the central classifications and the introduction of complementary elements that are relevant for the theme under consideration. However, the satellite accounts could also introduce concepts and definitions that are alternative to the ones applied in the 2008 SNA.

30. Satellite accounts also provide a flexible framework in which to address major conceptual questions on the measurement of the new production arrangements resulting from globalization and the digitalization of the economy as well as on measures of sustainability and well-being. Examples of the satellite accounts include the extension of the production boundary (e.g., unpaid household activities and volunteer work); the extension of the asset boundary (e.g., human capital); and the environment (Environmental-Economic Accounting).

31. The proliferation of satellite accounts calls for a more strategic and global approach to their compilation, taking into consideration the priority areas of the SNA research agenda. Accordingly, the Working Group will give the highest priority to satellite accounts on globalization, digitalization, and measures of well-being and sustainability, which could facilitate resolving or providing information on major

² <https://unstats.un.org/unsd/nationalaccount/pubsDB.asp?pType=4>.

research issues including those beyond the 2008 SNA. The development and compilation of other functional satellite accounts would then primarily be the responsibility of the relevant area specialists. More specific guidance on the compilation of such accounts could be developed under the auspices of the Working Group.

IV. Work programmes of the members of the Intersecretariat Working Group on National Accounts and of the regional commissions

32. The Working Group and the regional commissions continue to support the implementation of SNA and other internationally agreed standards in economic statistics in accordance with the global implementation programme of the 2008 SNA and supporting statistics. As such, these activities cover various aspects of the statistical production process for national accounts as reflected in the various training workshops and seminars organized by the members of the Working Group members and the regional commissions.

33. A summary of activities related to economic statistics and national accounts, undertaken in 2017 and to be undertaken in 2018, by the members of the Working Group and the regional commissions is provided in section IV of the supplement document.

V. Reporting of annual national accounts data

34. In accordance with the request of the Commission, the Statistics Division regularly evaluates the availability and scope of official national accounts data reported by Member States and their conceptual compliance with the recommendations of the 2008 SNA. Although the need for quarterly national accounts data to facilitate appropriate policy responses is recognized in the minimum required data set, they are only available for some 113 countries. Only the availability and scope of official annual national accounts data are therefore evaluated. The assessment provided in the present section is based on replies received to the United Nations national accounts questionnaire over the past five reporting periods (2012–2016).

35. National accounts data are reported by most Member States (95 per cent), although about 15 per cent do not report every year and 5 per cent have not reported at all for the past five reporting periods. Evaluating the timeliness of the reporting of national accounts data shows that about 60 per cent of Member States are able to submit data with a time lag of less than one year. The share is 82 per cent of Member States when considering submissions with a time lag of less than two years.

36. In terms of conceptual compliance, the 1993 SNA or the 2008 SNA have been implemented in over 90 per cent of Member States. The cut-off date for submitting the United Nations national accounts questionnaire is August of each year. In August 2017, 79 Member States had implemented or partially implemented the 2008 SNA in the compilation of their national accounts. All of the developed economies, the economies of the Eastern European, Caucasus and Central Asian regions and 88 per cent of developing economies had reported national accounts data according to either the 1993 SNA or the 2008 SNA methodology. The share of the least developed countries and small island developing States that had implemented either the 1993 or the 2008 SNA remained at 81 per cent and 95 per cent, respectively.

37. The scope of national accounts data is evaluated against a standard minimum requirement data set³ and the milestone⁴ measure. The results of the evaluation show that only 53 per cent of Member States are providing the minimum requirement data set tables. The low level in respect of the scope of national accounts data is mainly due to the lack of reporting on the rest of world accounts, highlighting the need to integrate balance of payments statistics and national accounts. More information on the reporting of national accounts data is provided in section V of the supplement document.

VI. Coordination of data collection and data exchange activities

A. Institutional sector accounts

38. The Group of 20 Data Gaps Initiative has created a major momentum to improve the compilation of quarterly and annual data on institutional sector accounts. This does not only relate to non-financial (current and capital) accounts, but also encompasses financial accounts and balance sheets. Several countries have increased their efforts to compile the relevant data. As part of these ongoing efforts, new data templates for the compilation and collection of institutional sector accounts are in the process of being further developed and agreed. Of particular importance is the broadening of the templates for from-whom-to-whom tables showing the financial interconnectedness between sectors and countries, and data on the extent of shadow banking. The templates will also be discussed in forums beyond the Group of 20 economies.

39. Furthermore, after the successful workshop held in Paris from 10 to 12 April 2017, a second workshop on institutional sector accounts will be held at OECD headquarters in Paris from 14 to 16 February 2018. In addition to the templates referred to above, the main focus of the workshop will be on the exchange of national experiences on sources and methods for compiling sector accounts. As a spin-off from these workshops, OECD will compile a Manual on the compilation of these accounts, to be published in 2019.

B. Statistical Data and Metadata Exchange

40. Continuous efforts are made to extend the use of Statistical Data and Metadata Exchange (SDMX) in the area of macroeconomic statistics. In the past, the Ownership Group for SDMX in Macro-Economic Statistics has taken responsibility for the development and release of global data structure definitions (DSDs) for national accounts (including government finance statistics), balance of payments and foreign direct investment. For these statistics, focus has turned to further promoting the actual use of these structures.

41. A second line of work concerns the development of new global data structure definitions for price indices and for environmental-economic accounts. Data structure definitions for consumer price indices (including the harmonized index of consumer prices) will be released during 2018. In the future, the package will be extended gradually to include definitions for other areas of price statistics. The first results of

³ The minimum requirement data set is defined in the report of the Task Force on National Accounts (E/CN.3/2001/7) and the report of the Intersecretariat Working Group on National Accounts (E/CN.3/2011/6).

⁴ The milestone methodology is described in the reports of the Task Force on National Accounts (E/CN.3/1997/12) and Intersecretariat Working Group on National Accounts (E/CN.3/2011/6).

definitions in the area of environmental-economic accounting are expected to become available at the end of 2018.

42. There has also been considerable progress in the implementation of SDMX at the national level. In many cases, the global data structure definitions have been drivers for national implementation projects. Several countries have reported on successful projects during the SDMX Global Conference held in October 2017. However, there is a gap in capacity-building as more work is needed to better target domain and information technology experts in countries.

C. Steering Group on International Data Cooperation

43. At the level of international organizations, under the auspices of the Inter-Agency Group on Economic and Financial Statistics, the international data cooperation project is progressing in terms of the work programme on shared datasets. The first shared dataset on GDP, population and employment was produced in the third quarter of 2015. It is expected that the datasets on non-financial and financial sector accounts will be added during the first half of 2018. Work has also been initiated to share balance of payments data. In addition, notification-based pull mode data collection is envisaged to further streamline the technical framework for sharing data. The developments are fully based on the global SDMX data structure definitions and data exchange standards. One of the main features of the cooperation is the establishment of a clear distribution of responsibilities among participating international organizations in order to ensure that shared datasets are identical across their respective databases.

VII. Points for discussion

44. The Commission is invited express its views on the following:

(a) **Developments over the past 10 years since the adoption of the 2008 SNA;**

(b) **Work programme of the Advisory Expert Group on National Accounts;**

(c) **Research agenda of the 2008 SNA, in particular the three priority areas, namely, globalization; digitalization; and well-being and sustainability;**

(d) **Development of compilation guidance on the concepts and recommendations of the 2008 SNA in support of its implementation at the national level;**

(e) **Activities of the work programmes of the Intersecretariat Working Group on National Accounts and of the regional commissions to provide guidance, training and support for the implementation of SNA;**

(f) **Scope, timeliness and exhaustive measurement of the compilation of national accounts data, including the changeover to the 2008 SNA;**

(g) **Progress in the coordination of data collection and data exchange activities.**